

IN THE CHANCERY COURT OF DAVIDSON COUNTY, TENNESSEE
AT NASHVILLE

PAULA A. FLOWERS
Commissioner of the Tennessee
Department of Commerce and Insurance,

Plaintiff,

v.

VILLAGE LIFE, INC., FREDDIE LEE
CARR, JENELLE CEDENO CARR; and
JAMIE WEST,

Defendants.

RECEIVED

MAR 14 2003

Davidson Co. Chancery Court

No. NF 03-316-III

FILED
2003 MAR 18 PM 1:41
CLERK & MASTER CT.
DAVIDSON CO. CHANCERY CT.
DC&M

AGREED ORDER APPOINTING RECEIVER

The complaint of Plaintiff Paula A. Flowers, Commissioner of the Tennessee Department of Commerce and Insurance, seeking, among other things, the appointment of a receiver was filed with this Court on February 4, 2003.

As evidenced by the signature of counsel for the Commissioner and the Defendants, Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West, these parties have agreed that a receiver should be appointed for the safekeeping, collection, management and disposition of assets of Defendant Village Life, Inc., and of the assets of Defendants Freddie Lee Carr, Jenelle Cedenno Carr and Jamie West, which relate to, arise out of or are derived from the activities described in the Verified Complaint, pursuant to Tenn. Code Ann. § 48-2-119(b).

This Order does not create a forfeiture by agreement, however, of any property, nor a waiver of any right to due process.

C/M 3-18-03

IT IS THEREFORE ORDERED, ADJUDGED and DECREED that:

A. This Court appoints Paula A. Flowers as Receiver of Defendant Village Life, Inc., and of the assets of Defendants Freddie Lee Carr, Jenelle Ceden Carr and Jamie West, which relate to, arise out of or are derived from the activities described in the Verified Complaint (hereinafter collectively referred to as the "**Receivership entities**"), as provided by Tenn. Code Ann. § 48-2-119(b), and that Paula A. Flowers, as Receiver, is authorized forthwith to take exclusive custody, control and possession of all bank accounts, goods, chattels, causes of action, credits, monies, investments, stocks, shares, effects, books and records of account and other papers and property or interests owned or held by the Receivership entities, with full power to sue for, collect, receive and take possession of such properties and to conserve and administer them under the general supervision of the Court.

B. Paula A. Flowers, as Receiver of the Receivership entities, shall forthwith contact all financial, agency, trust or depository institutions maintaining accounts on behalf of the Receivership entities and employ whatever lawful means necessary to secure the funds in these, and any other accounts, for the Receivership, and to amend the signature cards so that only those persons approved by the Receiver shall be permitted to withdraw upon such accounts.

C. Paula A. Flowers, as Receiver of the Receivership entities, shall secure from any financial institution where the Receivership entities maintain property or accounts of said Receivership entities, including but not limited to bank accounts, all financial information required by the Receiver and said financial institution shall provide this information to the Receiver.

D. All persons, firms, corporations and associations, including but not limited to Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Ceden Carr, and Jamie West, and their officers, directors, stockholders, members, subscribers, agents and all other persons in active concert or participation with them, are prohibited and enjoined from the transaction of further business of the Receivership entities; from the waste, transfer or disposition of property of the Receivership entities; from doing any act or thing whatsoever to interfere with the taking control, possession and administration by the Receiver of the receivership properties or to in any way interfere with the Receiver,

or to harass or interfere with the Receiver, or to interfere in any manner with the exclusive jurisdiction of this Court over the receivership properties; from the institution or further prosecution of any actions or proceedings, except within this receivership itself; from the making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of the Receivership entities; from the withholding from the Receiver of books, accounts, documents or the records relating to the business of the Receivership entities; from any other threatened or contemplated action that might lessen the value of the Receivership entities' assets or prejudice the rights of investors, creditors or any proceeding under the Receivership; or the obtaining of preferences, judgments, attachments or other liens, or the making of any levy against the Receivership entities or against its assets or any party thereof or from enforcing any lien upon, or taking or attempting to take possession of, or retaining possession of, any receivership property or attempting to foreclose, forfeit, alter or terminate any interests of receivership entities, in any property, whether such acts are part of a judicial proceeding or otherwise, until further order of this Court; from accelerating the due date of any obligation or claimed obligation; and that this Court further authorizes the Receiver to apply outside of Tennessee for the relief above described. However, by entering into this Agreed Order, Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West do not waive any rights to object to any proposed action, failure to act and/or timeliness of any action of the Receiver, provided that such objection is brought timely and in good faith. In the event that Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West do bring an objection that is found either to be untimely or not in good faith, Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West shall be responsible for the Receiver's costs in responding to such objection, including, but not limited to, reasonable attorneys' fees.

E. Pursuant to Tenn. Code Ann. § 48-2-119(b), the officers, managers, directors, trustees, owners, employees or agents of Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West, and any other persons with authority over or in charge of any segment of the Receivership entities' affairs and persons in control of assets, books and records of the receivership entities, or their physical locations, including but not limited to any offices of the Receivership entities, are required to cooperate with the Receiver in the carrying out of the Receivership. The term "person"

shall include any person who exercises control directly or indirectly over activities of the Receivership entities through any holding company or other affiliate of the Receivership entities. "To cooperate" shall include, but shall not be limited to, the following: (1) to reply promptly in writing to any inquiry from the Receiver requesting such a reply; (2) to make available to the Receiver any books, bank and investment accounts, documents or other records or information or property of or pertaining to the Receivership entities and/or in possession, custody or control of any of the Receivership entities, which relate to, arise out of or are derived from the activities described in the Verified Complaint. However, nothing in this Order shall require the Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West to cooperate with the Receiver in violation of Defendants' constitutional rights against self-incrimination. No person shall obstruct or interfere with the Receiver in the conduct of this Receivership.

F. Paula A. Flowers, as Receiver, is authorized to employ such counsel, clerks and assistants as deemed necessary. The compensation of the Receiver, counsel, clerks and assistants and all expenses of taking possession of the Receivership entities and of conducting the proceeding shall be subject to approval by the Court, and if approved, shall be paid out of the funds or assets of the Receivership entities. The persons appointed under this section shall serve at the pleasure of the Receiver. By entering into this Agreed Order, Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West do not waive any rights to object to any expenses incurred in taking possession of the Receivership entities and in conducting the receivership proceeding, provided that such objections are brought timely and in good faith. In the event that Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West do bring an objection that is found either to be untimely or not in good faith, Defendants Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West shall be responsible for the Receiver's costs in responding to such objection, including, but not limited to, reasonable attorneys' fees.

G. Paula A. Flowers, as Receiver, is ordered to make an accounting to the Court no less frequently than semi-annually. The report shall include the Receiver's opinion as to the likelihood that additional action under Tenn. Code Ann. § 48-2-119 will be necessary.

H. The Receiver shall have all the powers of the directors, officers and managers, whose authority shall be suspended, except as they are redelegated by the Receiver. She shall have full power to direct and manage, to hire and discharge employees subject to any contract rights they may have, and to deal with the property and business of the Receivership entities. The Receiver may consult and cooperate with other state and federal authorities who may have jurisdiction over any parts of the property and business of the Receivership entities, including but not limited to any ancillary liquidator who may be appointed. In addition, the Receiver shall have any other powers given by state law.

I. If it appears to the Receiver that there has been criminal or tortious conduct, or breach of any contractual or fiduciary obligation detrimental to the Receivership entities by any officer, manager, agent, broker, employee or other person, he may pursue all appropriate legal remedies on behalf of the Receivership entities, including but not limited to the making of criminal referrals to the appropriate state and/or federal authorities/law enforcement agencies.

J. The Receiver shall prepare a plan to effect dissolution and liquidation of the Receivership entities as is appropriate. Upon application of the Receiver for approval of the plan, and after such notice and hearing as the Court may prescribe, the Court may either approve or disapprove the plan proposed, or may modify it and approve it as modified. Any plan approved under this section shall be, in the judgment of the Court, fair and equitable to all parties concerned. If the plan is approved, the Receiver shall carry out the plan.

K. The Receiver shall have the power to avoid fraudulent transfers. Every transfer made or suffered and every obligation incurred by the Receivership entities within one (1) year prior to the filing of a successful Petition for Receivership is fraudulent as to then existing and future creditors, if made or incurred without fair consideration, or with actual intent to hinder, delay or defraud either existing or future creditors. Transfers which are considered fraudulent may be voided by the Receiver, except as to a person who in good faith is a purchaser, lienholder or obligee for a present fair equivalent value, and except that any purchaser, lienholder or obligee, who in good faith has given a consideration less than fair for such transfer, lien or obligation, may retain the property, lien or obligation as security for repayment. The Court may, on due notice, order any

such transfer or obligation to be preserved for the benefit of the estate, and in that event, the Receiver shall succeed to and may enforce the rights of the purchaser, lienholder or obligee. In the event that an objection is raised by the purchaser, lienholder, or obligee of a transfer that the Receiver has determined to be fraudulent, any avoidance or recovery of such transfer shall be subject to approval by this Court.

L. Any court in this State before which any action or proceeding in which the Receivership entities is a party, or is obligated to defend a party, is pending when a Receivership order against the Receivership entities is entered shall stay the action or proceeding for ninety (90) days and such additional time as is necessary for the Receiver to obtain proper representation and prepare for further proceedings. The Receiver shall take such action respecting the pending litigation as he deems necessary in the interest of justice and for the protection of creditors, investors and the public. The Receiver shall immediately consider all litigation pending outside this State and shall petition the Courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of the Receivership entities.

M. No statute of limitations or defense of laches shall run with respect to any action by or against the Receivership entities between the filing of the petition for order directing Paula A. Flowers to serve as Receiver for the Receivership entities and the entry of the order granting or denying this petition. Any action against the Receivership entities that might have been commenced when the petition was filed may be commenced for at least sixty (60) days after this Order of Receivership is entered. The Receiver may, upon entry of any order for Receivership, within one (1) year or such other longer time as applicable law may permit, institute an action or proceeding on behalf of the Receivership entities upon any cause of action against which the period of limitation fixed by applicable law has not expired at the time of the filing of the petition upon which this Order is entered.

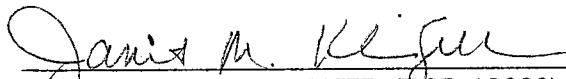
IT IS SO ORDERED.


CHANCELLOR ELLEN HOBBS LYLE

*Signed in her absence
and at her direction.*

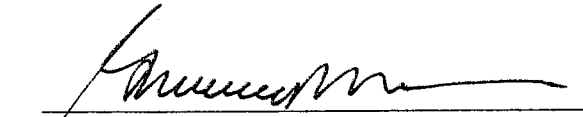
APPROVED FOR ENTRY:

PAUL G. SUMMERS
Attorney General and Reporter



JANET M. KLEINFELTER (BPR 13889)
Senior Counsel
Financial Division
425 5th Avenue North
Nashville, Tennessee 37243
(615) 741-7403

Counsel for Commissioner Flowers



W. GARY BLACKBURN (BPR 3484)
BLACKBURN & McCUNE, PLLC
201 4th Avenue North, Suite 1700
Nashville, Tennessee 37219
(615) 254-7770

Counsel for Village Life, Inc., Freddie Lee Carr, Jenelle Cedenno Carr, and Jamie West

VILLAGE LIFE, INC.

By:

Freddie Carr
Freddie Carr, President

By:

Jenelle Carr
Jenelle Carr, Secretary

Freddie Carr
Freddie Carr, Individually

Jenelle Carr
Jenelle Cedenno Carr, Individually

Jamie West
Jamie West, Individually